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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 004996

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SUBJECT: THE DEPUTY SECRETARY'S MAY 20 ROUNDTABLE MEETINGS
ON REFORM WITH JORDANIAN CIVIL SOCIETY AND BMENA BUSINESS
LEADERS

Classified By: CDA David Hale for Reasons 1.4 (b), (d)

1. (U) The Deputy Secretary met separately with members of Jordan's civil society and with business leaders from the BMENA region on May 20 at the Dead Sea Movenpick Hotel, Jordan, on the margins of the World Economic Forum conference.

2. (U) Participants:

U.S.

The Deputy Secretary
Executive Assistant to the Deputy Secretary Wilson
Embassy Amman Charge d'Affaires Hale
Deputy Spokesman Erel
NEA DAS Carpenter
NSC Director Pandith
D Special Assistant Davies
D Special Assistant Waller
Embassy Amman Econ Counselor Eason
Embassy Amman Cultural Affairs Officer Winton
Notetaker Schedlbauer

Jordan Civil Society

GOJ Finance Minister Bassam Awadallah
GOJ Culture Minister Asma Khader
Victor Billeh, Director, UNESCO Beirut
Maha Khatib, Director, Jordan River Foundation
Rami Khouri, Editor-at-large, the Daily Star
Lina Koura, Sisterhood is Global Institute
Anas Al Saket, Jordanian Women's Association
Soraya Salti, Senior Vice-President, Junior Achievement
Worldwide
Samar Dodin, writer, specialist for Amman Municipality
Azzam Shweihat, Jordanian-American Business Association

Arab/BEMENA Business Leaders

Khalid Abdulla-Janahi, Chairman, Shamil Bank of Bahrain,
Bahrain
Henry T. Azzam, Board Member, Royal Jordanian Airlines,
Jordan
Mazen S. Darwazeh, Chairman Hikma Pharmaceuticals, Jordan
Talal Al-Gaaod, Businessman, Iraq
Fadi Ghandour, President and CEO, Aramex International, Jordan
Khalid Kanoo, Chairman, Chamber of Industry and Commerce,
Bahrain
Muslim Lakhani, Chairman, Mesa Petroleum Limited, Pakistan
Murad Ali Murad, Chairman National Bank of Kuwait and
Bahrain, Bahrain

3. (C) Summary: In separate roundtables with the Deputy Secretary, members of Jordanian civil society and the

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Arab/BMENA business community discussed reform in the Arab world. The civil society participants discussed the challenges of overcoming political intimidation, building support for reform among all sectors of society and not just within the elite, and putting a local face on reform. The business leaders also argued for an Arab formula/plan for reform, but generally acknowledged that U.S. pressure in favor of a reform agenda was helpful. The Deputy Secretary agreed that building public support for reform

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is critical. End Summary.

Arab citizens still intimidated by those in power;
stymies their embrace of reform agendas

4. (C) The Deputy Secretary met first with the Jordanian Finance and Culture Ministers and eight members of Jordanian civil society. Daily Star Editor-at-large Rami Khoury enthused about what he described as a moment of change: for the first time, Arab civil society and the USG were both talking about reform. However, he suggested there was a disconnect between America's aims and its ability to deliver change, and that this

disconnect was at least in part due to Arab attitudes toward U.S. policy) especially what he described as the centrality of the Arab-Israeli dispute. Finance Minister Awadallah disagreed, citing a recent poll that found a strong majority of Arabs believe that the chief obstacle to reform is a lack of sincerity on the part of Arab governments; less than 10 percent identified the Arab-Israeli dispute as an impediment. Khoury rejoined that while there is an enormous latent desire for reform, most Arab citizens do not feel empowered enough to challenge their governments and are wary of embracing government-sponsored reform agendas. He ended by suggesting the U.S. adopt a more multi-lateral approach to promoting reform. The Deputy Secretary observed that it is America's willingness to lead the international community) including, if necessary, through unilateral action) that sometimes creates the context for successful multilateralism.

15. (C) Jordan River Foundation Director Maha Khatib stated that the Jordanian parliament is generally representative of the Jordanian people, but largely resistant to the government's reform efforts and to the conceptualization of the reform agenda. She argued that the elites have failed to transmit effectively the spirit of reform to the average Jordanian citizen or to parliament. Culture Minister Asma Khader, a prominent human rights activist before joining the government in 2003, agreed that although Jordan's NGO community has produced many reformers, it remains a community of elites. She, too, argued for putting the reform agenda in the hands of people at the grassroots level.

Arab formula of reform needed; US pressure helpful

16. (C) In the next roundtable discussion with members of the Arab/BMENA business community, the discussion largely focused on reform and the private sector's role in promoting change. Jordanian pharmaceutical manufacturer Mazen Darwazeh stressed that reform should be based on an "Arab formula" as ideas imposed from outside the region would be rejected. Fadi Ghandour, the Jordanian founder of international express package delivery company Aramex, rebutted Darwazeh's comments, saying there would be no reform if it were not for U.S. pressure. He said it was up to the business community to promote reform. Pakistani entrepreneur Muslim Lakhani lamented that the region needed a plan or it would always be following someone else's.

Stock market boom but innovation lacking

17. (C) Henry Azzam, former CEO of Jordinvest, noted that many stock markets in the Arab world are booming since Arab money has returned from the U.S. because of the difficulties in opening American financial accounts post-2001. These booming markets have encouraged greater capital market reforms. Bahraini banker Khalid Abdulla-Janahi stated that while cash liquidity in the region had helped give rise to a stock market boom, real innovation was not taking place. He noted that while tariffs had been removed as of January 1, 2005 between Arab states, non-tariff barriers have increased as a result. He stressed the need for business to be part of a constructive reform dialogue and also counseled that reform must come from the bottom up since it often has unpopular costs associated with it.

Need to protect banking sector

18. (C) Bahrain Chamber of Commerce and Industry Chairman Khalid Kanoo noted that Bahrain has made progress in the last few years, largely thanks to the support of the USG. Bahraini bankers Murad Ali Murad sounded a note of caution that there can be downside risks to too much or too rapid reform. He said the Bahraini banking sector could be hurt by reform if precautions were not taken to minimize risks. He also stressed the need for good corporate and public governance, along with better enforcement of laws and greater transparency.

Deputy Secretary: Build Public support

19. (C) The Deputy Secretary concluded the discussion by stressing the importance of building public support for reform, but also underscored the need not to be discouraged by the opposition of a few malcontents. He recalled how, during a trip to Egypt in December 2004 for the signing of the Qualifying Industrial Zone (QIZ) agreement with Israel, he witnessed two demonstrations. One demonstration featured approximately 300 people protesting the signing of an agreement with Israel; the second - and far larger - demonstration featured several thousand workers clamoring for the opportunity to work in the QIZ.

110. (U) This cable has been cleared by the office of the
Deputy Secretary.
HALE